

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF PUERTO RICO

IN RE
VAQUERIA LAS MARTAS INC.
EIN # 66-0541863
Debtor

BANKRUPTCY 18-07403 ESL
CHAPTER 12

PROJECTIONS IN SUPPORT OF PLAN

TO THE HONORABLE COURT:

COMES NOW debtor through its counsel who respectfully offers the attached projections to support the Plan to be confirmed:

1. This case was filed on **December 14, 2018** and a Chapter 12 Plan was filed **June 1, 2020** at doc #137.
2. The attached Projections are to the Plan filed in this case.
3. Debtor is a corporation dedicated to the operation of a dairy farm organized pursuant to the laws of the Commonwealth of Puerto Rico since 1998. Debtor operates from a leased property located at Naranjito Ward, State Road #422, Km. 8.3 Hatillo, Puerto Rico, property which is owned by Juan M. Barreto Ginorio, President of the corporation.
4. Vaqueria Las Martas operates pursuant to license number 3064 and owns a bi-weekly milk production quota of 58,700 cuartillos or quarts.
5. Condado 5 holds a mortgage interest over debtor's President, Juan M. Barreto Ginorio's residence in Bo. Hato Abajo, Arecibo and over his 27.4842 cuerda dairy farm in Naranjito, Puerto Rico, as guarantor with personal liability of its President and third-party guarantor by JM Dairy Inc.
6. Prior to this Court's recent April 15, 2020 Opinion & Order, the proceeds of its milk production, was subject to Condado 5's liens.
7. The implementation of this Court's April 15, 2020 Opinion & Order is vital to this debtor's reorganization and needed to get the dairy farm back on its 'feet' and on the road to recovery under chapter 12.
8. During approximately the last 28 months, Debtor's business solvency and capacity to cover ever increasing costs in production of milk has experienced serious

financial difficulties, without access to any of the proceeds of its milk production, then subject to Condado 5's liens.

9. Without the use of 100% of its milk production, the production at the dairy farm the dairy farm will continue to diminish at a dangerous pace. The pledge of the entire milk production to one creditor, Condado 5, has forced debtor to operate during the extended time without any income for its labor and without capital for the high operational costs common to dairy farms in Puerto Rico, resulting in cutting back on much-needed animal feed and care for the livestock to be able to increase production and survive as a viable operation. The after-math of Hurricanes Irma and Maria and most recently, the COVID-19 epidemic has further exacerbated the fact that debtor has not had access for such an extended time to any of the profits from its milk production.
10. Debtor's predicament during the last 28 months continues to reek havoc in debtor's ability to reorganize and requires the suspension and reimbursement of the milk sales profits from Condado 5 promptly to resuscitate and enable the debtor's reorganization effort, to save the dairy farm from extinction and increase its production to be able to repay Condado 5 and its other creditors.
11. The Plan and the projections are intimately tied to the implementation of this Court's Opinion & Order of April 15, 2020.
12. The Projections are conditioned and it is evident that Debtor needs to use the entire profits from the sale of its milk production to Suiza, to purchase livestock to reinforce and increase the current production line to avoid diseases in the herd and to maintain the quality of the milk production required by the regulatory agencies. The funds that continue to be paid out to Condado 5 are also needed by debtor to inject funds into the operation of the dairy farm as a whole.
13. While awaiting the final decision of this Court, the debtor continues operating at great sacrifice to the production and operation of the dairy farm in its struggle to stave off starvation of the cows already in production, by the continued reduction of concentrated feed to its animals to a minimum. This reality has caused and will continue to cause further decline in production and could spell a failed reorganization effort, without the use of the profits from its milk production.

WHEREFORE, debtor respectfully prays that the projections attached herein serve as supporting evidence of Plan feasibility and to show the need for the use of its profits from the sale of its milk production to Suiza Dairy.

NOTICE

Within fourteen (14) days after service as evidenced by the certification, and an additional three (3) days pursuant to Fed. R. Bank. P. 9006(f) if you were served by mail, any party against whom this paper has been served, or any other party to the action who objects to the relief sought herein, shall serve and file an objection or other appropriate response to this paper with the Clerk's office of the U.S. Bankruptcy Court for the District of Puerto Rico. If no objection or other response is filed within the time allowed herein, the paper will be deemed unopposed and may be granted unless: (I) the requested relief is forbidden by law; (ii) the requested relief is against public policy; or (iii) in the opinion of the Court, the interest of justice requires otherwise.

I HEREBY CERTIFY, that on this same date, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF Filing System which will send a notification, upon information and belief, of such filing to the Chapter 12 Trustee and to all subscribed users.

In Caguas, Puerto Rico, this 21th day of June 2020.

s/ *L.A. Morales*

LYSSETTE MORALES VIDAL
USDC PR #120011

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| | 1ST YEAR | 2ND YEAR |
|---|-----------|------------|
| Biweekly milk quota in liters | VARIES | 58,700 LTS |
| Number of Cows in milk production | 85 | 128 |
| Number or replacement heifers purchased | 87 | 16 |
| Number of Heifers Raised by Debtor | 9 | 10 |
| Number of Dry cows | 6 | 16 |
| Number of Cows culled or die in farm | 1 | 6 |
| Litres/cow/day | 13 | 13 |
| average daily production lts/day | 1105 | 1,664 |
| biweeklylly production | 15470 | 23,296 |
| % production | 26.35% | 39.69% |
| Money in bank | 28.00 | 15446.02 |
| Gross Income from milk sales | 323211.00 | 459103.00 |
| Income from sales of calves/heifers | 210.00 | 0.00 |
| Income from lease of milk quota | 29000.00 | 0.00 |
| Income From Sale of Hay | 12400.00 | 0.00 |
| Income from cows sent to butcher | 0.00 | 0.00 |
| Money Reimbursed by Condado 5 | 77925.00 | 0.00 |
| Income from incentives: ADEA (Prod. & Heifers) | 40361.00 | 10946.00 |
| Income from incentives: USDA-FSA (MPP, transp.) | 1000.00 | 1000.00 |
| Total Gross Monthly Income | 484135.00 | 486495.02 |
| Monthly Operational Costs | 196304.00 | 298793.00 |
| Capital Expenditiures (purchase of heifers) | 149800.00 | 27200.00 |
| Obligations: Trustee, | 70800.00 | 124800.00 |
| Obligations: Condado 5 Milk Assignment | 51484.98 | 31142.64 |
| Obligations: State Tax | 300.00 | 350.00 |
| Total Monthly Costs | 468688.98 | 482285.64 |
| Net Income at end of 12 Months | 15446.02 | 4209.38 |

Cost of production does not include purchase of cows, obligations, nor personal expenses.

Price of Raw Milk: 82.2¢/lt for First Picing Level
Debtor falls within First Pricing Level

Monthly Payments to Creditors:*

| | | |
|------------|----------------------|------------|
| US Trustee | 4,600.00 x 6 Months | 27,600.00 |
| | 9,600.00 x 54 Months | 518,400.00 |
| | | 546,000.00 |

| | | |
|----------------|----------------------|------------|
| Condado 5 LLC. | 2,395.33 x 60 Months | 143,719.80 |
|----------------|----------------------|------------|

*YET PROJECTIONS INCLUDE MONTHS IN WHICH SUIZA WILL DISBURSE 5 WEEKLY PAYMENTS TO CREDITORS
THEREFORE, CREDITORS WILL RECEIVE 5 EXTRA MONTHLY PAYMENTS THROUGHOUT THE DURATION OF THE CONFIRMED PLAN.
CONDADO 5 TENDS TO REIMBURSE THIS MONEY TO DEBTORS ON A YEARLY BASIS. SAID REIMBURSEMENT IS NOT CONTEMPLATED IN THESE BUDGETS.

VAQUERIA LAS MARTAS, INC
SUMMARY OF DEBT

DEBTOR HAS TWO INCENTIVES APPROVED FOR THE PURCHASE OF A TOTAL OF 45 REPLACEMENT HEIFERS
THESE TWO INCENTIVES TOTAL \$36,000.00 AND WILL COME FROM ADEA

PROJECTIONS HAVE FACTORED IN AN EXPECTED REIMBURSEMENT OF AT LEAST \$77,925.00 FROM
CONDADO 5 FROM MONEY COLLECTED BY CONDADO 5 FROM THE DEBTOR'S SALE OF RAW MILK TO
SUIZA DAIRY DURING THE PENDENCY OF THE BANKRUPTCY CASE. THIS MONEY WILL BE USED BY
DEBTOR TO PURCHASE REPLACEMENT HEIFERS AS WELL AS HELP PAY INITIAL EXPENSES UNTIL MILK
PRODUCTION INCREASES.

| LEASE OF MILK QUOTA: | | |
|----------------------|------------|-----------|
| DATE | AMOUN | INCOME \$ |
| Jul-20 | 20,000 lts | 4000.00 |
| Aug. 2020 | 20,000 lts | 4000.00 |
| Sept. 2020 | 20,000 lts | 4000.00 |
| Oct. 2020 | 20,000 lts | 4000.00 |
| Nov. 2020 | 20,000 lts | 4000.00 |
| Dic. 2020 | 20,000 lts | 4000.00 |
| Jan. 2021 | 10,000 lts | 2000.00 |
| Feb. 2021 | 10,000 lts | 2000.00 |
| Mar-21 | 5,000 lts | 1000.00 |
| Apr-21 | 0 lts | 0.00 |
| | | 29000.00 |

Money From Lease of Milk Quota will be Used to Cover Business Expenses until Milk
Production reaches Optimum Level.

| COW INVENTORY AS OF APRIL 2020 | |
|--------------------------------|----|
| Cows in Milk Production | 32 |
| Dry Cows | 8 |
| Close to Calving Replacement | 8 |
| Heifers Serviced by Bull | 10 |
| Femal Calves 6 months or less | 12 |
| Bulls | 2 |
| Male Calves | 2 |
| TOTAL | 74 |

| | MAY 2020 | JUNE 2020 | JULY 2020 | AUG. 2020 | SEPT. 2020 | OCT. 2020 | NOV. 2020 | DEC. 2020 | JAN. 2021 | FEB. 2021 | MARCH 2021 | APRIL 2021 |
|---|------------|-----------|-----------|-----------|------------|-----------|-----------|-----------|-----------|-----------|------------|------------|
| Biweekly milk quota in liters | 58,700 lts | 58700 lts | 38700 lts | 38700 lts | 38700 lts | 38700 lts | 38700 lts | 38700 lts | 48700 lts | 48700 lts | 53700 lts | 58700 lts |
| Number of Cows in milk production | 36 | 39 | 40 | 80 | 80 | 80 | 92 | 99 | 106 | 113 | 126 | 126 |
| Number or replacement heifers purchased | 0 | 0 | 41 | 3 | 6 | 4 | 7 | 24 | 0 | 2 | 0 | 0 |
| Number of Dry cows | 8 | 5 | 5 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Number of Cows culled or die in farm | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Litres/cow/day | 13 | 13 | 12 | 13 | 13 | 13 | 12 | 12 | 13 | 13 | 13 | 13 |
| average daily production lts/day | 468.00 | 507.00 | 480.00 | 1,040.00 | 1,040.00 | 1,040.00 | 1,104.00 | 1,188.00 | 1,378.00 | 1,469.00 | 1,638.00 | 1,638.00 |
| biweekly production | 6,552.00 | 11,669.00 | 6,720.00 | 14,560.00 | 14,560.00 | 14,560.00 | 15,456.00 | 16,632.00 | 19,292.00 | 20,566.00 | 22,932.00 | 22,932.00 |
| % production | 11.16% | 19.88% | 17.36% | 37.62% | 37.62% | 37.62% | 39.94% | 42.98% | 39.61% | 42.23% | 42.70% | 39.07% |
| Money in bank | 28.00 | 199.00 | 121.00 | 7,764.00 | 9,222.67 | 5,255.34 | 7,070.34 | 40,010.01 | 7,759.68 | 9,248.68 | 10,386.35 | 10,864.02 |
| Gross Income from milk sales | 13,464.00 | 11,669.00 | 13,810.00 | 23,937.00 | 23,937.00 | 29,921.00 | 25,410.00 | 26,671.00 | 39,645.00 | 33,811.00 | 33,811.00 | 47,125.00 |
| Income from sales of calves/heifers | 30.00 | 30.00 | 30.00 | 30.00 | 30.00 | 30.00 | 30.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Income from lease of milk quota | 0.00 | 0.00 | 4,000.00 | 4,000.00 | 4,000.00 | 4,000.00 | 4,000.00 | 4,000.00 | 2,000.00 | 2,000.00 | 1,000.00 | 0.00 |
| Income From Sale of Hay | 6,200.00 | 5,700.00 | 500.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Income from cows sent to butcher | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Money Reimbursed by Condado 5 | 0.00 | 0.00 | 77,925.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Income from incentives: ADEA (Prod. & Heifers) | 0.00 | 0.00 | 0.00 | 895.00 | 0.00 | 0.00 | 37,501.00 | 0.00 | 0.00 | 1,965.00 | 0.00 | 0.00 |
| Income from incentives: USDA-FSA (MPP, transp.) | 0.00 | 0.00 | 1,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Gross Monthly Income | 19,722.00 | 17,598.00 | 97,386.00 | 36,626.00 | 37,189.67 | 39,206.34 | 74,011.34 | 70,681.01 | 49,404.68 | 47,024.68 | 45,197.35 | 57,989.02 |
| Monthly Operational Costs | 6,059.00 | 5,808.00 | 10,627.00 | 15,308.00 | 14,739.00 | 17,741.00 | 15,106.00 | 15,126.00 | 25,161.00 | 21,043.00 | 22,338.00 | 27,248.00 |
| Capital Expendiures (purchase of heifers) | 0.00 | 0.00 | 71,400.00 | 5,100.00 | 10,200.00 | 6,800.00 | 11,900.00 | 40,800.00 | 0.00 | 3,600.00 | 0.00 | 0.00 |
| Obligations: Trustee | 0.00 | 0.00 | 4,600.00 | 4,600.00 | 4,600.00 | 4,600.00 | 4,600.00 | 4,600.00 | 12,000.00 | 9,600.00 | 9,600.00 | 12,000.00 |
| Obligations: Condado 5 Milk Assignment | 13,464.00 | 11,669.00 | 2,995.00 | 2,395.33 | 2,395.33 | 2,995.00 | 2,395.33 | 2,395.33 | 2,995.00 | 2,395.33 | 2,395.33 | 2,995.00 |
| Obligations: State Tax | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 300.00 |
| Total Monthly Costs | 19,523.00 | 17,477.00 | 89,622.00 | 27,403.33 | 31,934.33 | 32,136.00 | 34,001.33 | 62,921.33 | 40,156.00 | 36,638.33 | 34,333.33 | 42,543.00 |
| Net Monthly Income | 199.00 | 121.00 | 7764.00 | 9222.67 | 5255.34 | 7070.34 | 40010.01 | 7759.68 | 9248.68 | 10386.35 | 10864.02 | 15446.02 |
| Cost of Production in ¢/lt | \$0.37 | \$0.41 | \$0.63 | \$0.53 | \$0.51 | \$0.49 | \$0.49 | \$0.49 | \$0.49 | \$0.48 | \$0.51 | \$0.45 |

Cost of production does not include purchase of cows, obligations, nor personal expenses

Price of Raw Milk: 82.2¢/lt for First Picing Level
Debtor falls within First Pricing Level

DEBTOR HAS TWO INCENTIVES APPROVED FOR THE PURCHASE OF A TOTAL OF 45 REPLACEMENT HEIFERS
THESE TWO INCENTIVES TOTAL \$36,000.00

PROJECTIONS HAVE FACTORED IN AN EXPECTED REIMBURSEMENT OF AT LEAST \$77,925.00 FROM CONDADO 5 FROM MONEY COLLECTED BY CONDADO 5 FROM THE DEBTOR'S SALE OF RAW MILK TO SUIZA DAIRY DURING THE PENDENCY OF THE BANKRUPTCY CASE. THIS MONEY WILL BE USED BY DEBTOR TO PURCHASE REPLACEMENT HEIFERS AS WELL AS HELP PAY INITIAL EXPENSES UNTIL MILK PRODUCTION INCREASES TO MAXIMUM LEVEL.

| | MAY 2021 | JUNE2021 | JULY2021 | AUG. 2021 | SEPT. 2021 | OCT. 2021 | NOV. 2021 | DEC. 2021 | JAN. 2022 | FEB. 2022 | MARCH 2022 | APRIL 2022 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Biweekly milk quota in liters | 58,700 lts | 58,700 lts | 58,700 lts | 58,700 lts | 58,700 lts | 58,700 lts | 58,700 lts | 58,700 lts | 58,700 lts | 58,700 lts | 58,700 lts | 58,700 lts |
| Number of Cows in milk production | 126 | 126 | 126 | 126 | 126 | 126 | 126 | 131 | 131 | 131 | 131 | 131 |
| Number or replacement heifers purchased | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10 |
| Number of Dry cows | 16 | 16 | 16 | 15 | 14 | 13 | 17 | 17 | 17 | 17 | 17 | 16 |
| Number of Cows culled or die in farm | 0 | 0 | 0 | 1 | 1 | 1 | 2 | 0 | 0 | 0 | 0 | 1 |
| Litres/cow/day | 13 | 13 | 12.75 | 12 | 11 | 10 | 10.5 | 10.75 | 12 | 13 | 13 | 13 |
| average daily production lts/day | 1638 | 1638 | 1764 | 1512 | 1386 | 1260 | 1323 | 1408.25 | 1572 | 1703 | 1703 | 1703 |
| biweekly production | 22,932.00 | 22,932.00 | 24,696.00 | 21,168.00 | 19,404.00 | 17,640.00 | 18,522.00 | 19,715.50 | 22,008.00 | 23,842.00 | 23,842.00 | 23,842.00 |
| % production | 39.07% | 39.07% | 42.07% | 36.06% | 33.06% | 30.05% | 31.55% | 33.59% | 37.49% | 40.62% | 40.62% | 40.62% |
| Money in bank | 15,446.02 | 10,996.69 | 15,108.36 | 18,361.36 | 16,700.03 | 11,701.70 | 5,608.70 | 3,957.37 | 2,135.37 | 1,393.04 | 8,224.71 | 12,397.38 |
| Gross Income from milk sales | 37,700.00 | 37,700.00 | 46,219.00 | 34,800.00 | 31,900.00 | 36,250.00 | 30,450.00 | 40,516.00 | 36,181.00 | 39,196.00 | 39,196.00 | 48,995.00 |
| Income from sales of calves/heifers | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Income from lease of milk quota | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Income From Sale of Hay | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Income from cows sent to butcher | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Money Reimbursed by Condado 5 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Income from incentives: ADEA (Prod. & Heifers) | 2,609.00 | 0.00 | 0.00 | 2,981.00 | 0.00 | 0.00 | 2,747.00 | 0.00 | 0.00 | 2,609.00 | 0.00 | 0.00 |
| Income from incentives: USDA-FSA (MPP, transp.) | 0.00 | 0.00 | 1,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Gross Monthly Income | 55,755.02 | 48,696.69 | 62,327.36 | 56,142.36 | 48,600.03 | 47,951.70 | 38,805.70 | 44,473.37 | 38,316.37 | 43,198.04 | 47,420.71 | 61,392.38 |
| Monthly Operational Costs | 22,563.00 | 21,593.00 | 28,971.00 | 27,447.00 | 24,903.00 | 27,348.00 | 22,853.00 | 27,343.00 | 24,928.00 | 22,978.00 | 23,028.00 | 24,838.00 |
| Capital Expenditiures (purchase of heifers) | 10,200.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 17,000.00 |
| Obligations: Trustee | 9,600.00 | 9,600.00 | 12,000.00 | 9,600.00 | 9,600.00 | 12,000.00 | 9,600.00 | 12,000.00 | 9,600.00 | 9,600.00 | 9,600.00 | 12,000.00 |
| Obligations: Condado 5 Milk Assignment | 2,395.33 | 2,395.33 | 2,995.00 | 2,395.33 | 2,395.33 | 2,995.00 | 2,395.33 | 2,995.00 | 2,395.33 | 2,395.33 | 2,395.33 | 2,995.00 |
| Obligations: State Tax | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 350.00 |
| Total Monthly Costs | 44,758.33 | 33,588.33 | 43,966.00 | 39,442.33 | 36,898.33 | 42,343.00 | 34,848.33 | 42,338.00 | 36,923.33 | 34,973.33 | 35,023.33 | 57,183.00 |
| Net Monthly Income | 10,996.69 | 15,108.36 | 18,361.36 | 16,700.03 | 11,701.70 | 5,608.70 | 3,957.37 | 2,135.37 | 1,393.04 | 8,224.71 | 12,397.38 | 4,209.38 |
| Cost of Production in ¢/lt | \$0.46 | \$0.44 | \$0.49 | \$0.57 | \$0.59 | \$0.58 | \$0.58 | \$0.52 | \$0.49 | \$0.49 | \$0.45 | \$0.39 |

5 WKS

Cost of production does not include purchase of cows, obligations, nor personal expenses

Price of Raw Milk: 82.2¢/lt for First Picing Level
Debtor falls within First Pricing Level

ON MAY 2021 10 REPLACEMENT HEIFERS RAISED BY DEBTOR WILL ENTER MILK PRODUCTION.

